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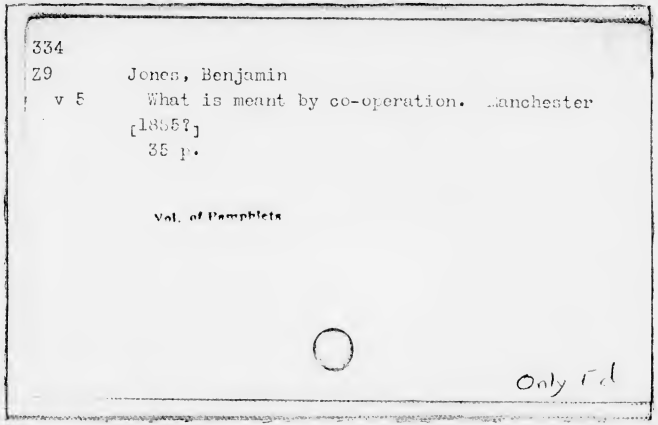

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WHAT IS MEANT BY

CO-OPERATION.

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WHAT IS MEANT BY CO-OPERATION.

WHEN Co-operation is mentioned, people unconnected with it, of certain grades of society, get confused between two different sets of organisations, each of which uses the term "Co-operative." These are:—1st, the associations organised on what is called the Civil Service system; and 2nd, the associations organised on the working-class, or Rochdale, system. Those on the Civil Service plan are only adaptations from the other. They are modified joint-stock companies—a kind of half-way house to what, I think, is a purer organisation. They obtain, and deserve, recognition as stepbrothers from the larger and better body. Their system is framed with the object of supplying consumers more efficiently and economically than can be done by private enterprise. In this they are succeeding; but when they have succeeded, they consider their mission is accomplished. They aim at nothing higher and better; and the controlling spirits have, in some instances, yielded to their selfish instincts, and used their positions to tax the consumers for the shareholders' benefit. In this way the ten shilling shares of the Civil Service Supply Association, London, which were issued in 1864, are now worth about £180, and are likely to increase

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in value. Being thus only partially Co-operative, and with very limited aims, it is unnecessary to enter into any description of their organisation and their methods of business. The second, the Rochdale system, is the one which has become most widely spread, which has the highest aims, the greatest capacity for development, and the theory and practice of which it is intended to lay before you.

About the beginning of the century there seems to have been a fair number of Societies established, principally on the coast. Their formation was apparently stimulated by the high prices of food, and by the distress consequent on the French war. Their methods of business were not exactly in accordance with present methods; but, as far as can be ascertained, they were actuated by the same spirit of equity that now animates Co-operators. Again, in 1825-40 some hundreds of Societies were started during the Owenite propaganda, mostly with the idea that the profits should be utilised in furthering the formation of communistic associations like the one at Queenwood, Hampshire. Of these Societies, and of the earlier ones, there are still thirty-seven in existence, but they are mostly of small dimensions. Scotland has the honour of possessing the oldest of these Societies. It is at Govan, and is said to have been started in 1777. The next oldest is at Hull, and was established in 1795 for the purpose of grinding corn.

When we consider the legal difficulties in the way, there is no room for wonder that in those days so few associations succeeded. Up to 1846 the membership of a Society not only carried with it the unlimited liability of every member to pay the whole of the

association's debts, but also carried with it the risk that any one member might appropriate the Society's property with impunity, for the legal doctrine was that all were partners; being partners, they were proprietors; since all were proprietors, the property belonged to each and to all; and as the property belonged to each and all, if any one took it, he was not stealing, but only taking what was his own. This legal doctrine was carried out in practice, and the only opportunity for the injured parties to obtain redress was by a roundabout civil action, which gave offenders ample time to dispose of their plunder. There was thus every temptation to dishonesty; and it is no wonder that occasionally one out of the number would yield to the tempter, and defraud his companions to benefit himself. The law was successively improved in 1846, 1850, 1852, 1854, 1856, 1862, 1867, 1871, and 1876. The Act of 1862 was of extreme importance, as it gave to the working classes the privilege of limited liability, which had been conferred on the richer classes seven years earlier by the Act of 1855.

There was, too, among the well-to-do classes, a very general, if not universal, jealousy against any combination on the part of the workers, however beneficial the object of the combination might be; and consequently Co-operators were often prevented from putting their principles into practice. An instance of the earlier intolerance is given in the history of the Hull Corn Mill, previously mentioned as being started in 1795. The *Wholesale Annual* for 1883 says that this mill originated out of a petition for assistance from the poor, which was presented to the

Corporation. "After the Society commenced business it was found to be doing so well, and taking so much trade from the private millers, that in 1810 the millers of the town decided to put the Society down. It was therefore indicted as a nuisance, which it certainly was to them, and which they undertook to prove at York on the 1st of August 1811. At the close of the trial, however, it was found that a Yorkshire jury considered poverty a greater nuisance, and deeming the Society to be an institution likely to reduce poverty, they gave a verdict in its favour."*

Co-operators had latterly been in the habit of thinking that such jealousy and intolerance as was shown by the Hull millers had been banished from the regions of commerce and industry; but from recent events it would seem that Scotland, which has the honour of owning the oldest store, will also have the honour of suffering the last persecution for Co-operation's sake, at the hands of the people who have lately been making the weak and foolish attempts at boycotting. Scotland may be congratulated on the attempt. It will do good service for the Co-operative cause. The shopkeepers are unsuccessfully trying to imitate the silversmiths of Ephesus. When Paul came to that city the silversmiths consulted together, saying, "Men and brethren, our craft is in danger, from which we obtain our wealth." Then they created a tumult, not for the common good, but to serve their own selfish and unworthy ends. People are more enlightened than they were in those days. They are more apt to reason and think. Such

* *Wholesale Annual*, 1883, pp. 126, 127.

conduct as boycotting induces them to think. They thus discover the advantages of Co-operation; they enrol themselves in the army of progress; and their judgment on the old system of private trading is, that "it has been weighed in the balance, and found wanting."

There is not the slightest reason for the hostility of shopkeepers to Co-operators. The latter seek no special privileges, and they possess none. It is true that some people think Co-operators are exempt from stamp-duty and from income-tax. But they think wrongly, and suffer from delusions. There are no such exemptions. Looking at the matter from a business point of view it is impossible to discover any reason why Co-operators should not be shopkeepers. It is not their failure, but their success, that has aroused hostility. The objection, therefore, that carpenters, bricklayers, dyers, and weavers cannot possibly succeed against trained shopkeepers falls to the ground. If the objection were tenable, it would be a reason for good-natured toleration, not for active hostility. The opposition is, in fact, altogether unreasonable. A man may open a shop anywhere. Everybody admits his right to do so. He may open twenty shops in twenty different localities; or he may extend his original shop until he has annexed a street. Everybody not only admits his right to do so, but they praise him. They say, "What a splendid business man he is!" and, as a reward for looking after himself, they elect him an alderman. The man may admit half-a-dozen partners. Nobody disputes his right. People jump at the chance of joining such a clever man. Or he may turn the business into a company, and still

nobody objects, but, on the contrary, they run after shares in such a lucrative business, and eagerly pay premiums to obtain them. It is therefore, in practice, universally admitted that one man, or half-a-dozen men, or a large body of shareholders in the form of a company, may undertake the business of shopkeeping, and not a word of reproach or hostility shall be uttered against them. How, then, can the hostility to Co-operators be justified? The difference between them and the others is, that the latter work solely for their own profit, while Co-operators work out the principle of equity, and "seek their own in all men's good." We are therefore compelled to the conclusion that shopkeepers object to the purity and equity which are the motive powers with Co-operators.

The objections of shopkeepers are all the more unreasonable, since they do not object to co-operating among themselves or with others to gain their own ends. In London they have established a Co-operative Wholesale Society for the exclusive benefit of themselves, and in Manchester they are now engaged in forming a similar organisation. But whether tradesmen are consistent or inconsistent, the fact that Co-operation introduces into society a great economic improvement, which is also a great moral gain, is sufficient to win it increasing support, and ultimately will secure for it unanimous and world-wide approval.

Notwithstanding the existence of some thirty-seven older Societies, Co-operators usually date their movement from the foundation of the Rochdale Pioneers in 1844, for it is to the founders of that famous Society that the chief credit is due for the development of our organisations. When it started, the Owenite Societies

were rapidly dying off. Co-operation was looked upon as a failure, and the energies and sympathies of multitudes were drawn into the Chartist movement headed by Feargus O'Connor. The Pioneers laid down an ambitious programme, and it embodied a complete Co-operative ideal, which has not yet been realised. But while they successively established in Rochdale the Stores with numerous extensions, the Educational Department, the Friendly Society, the Corn Mill, the Cotton Factory, and the Cottage Building Department, they did not "rest and be thankful"; but, with a consideration and self-denial worthy of all praise, yet which among Co-operators is looked upon as quite a matter of course, they stinted neither time, trouble, nor expense in helping the formation of Societies in other places. Scores of these owe their origin to the information and other help thus rendered; and in this manner was laid the ground-plan for the present successful National Co-operative Union.

From the phœnix-like revival at Rochdale to the granting of limited liability, the progress of Co-operation was comparatively slow. In 1861 the then existing Societies numbered only 48,184 members, with a capital of £333,290, and an annual trade of £1,512,117.* Of these figures the Rochdale Pioneers made up one-twelfth of the members, one-tenth of the business, and one-ninth of the capital. Yet slow as the growth was, it was sufficient to attract the favourable notice of philosophers like John Stuart Mill, and of politicians like W. E. Gladstone. In 1864, in a speech in the

* *Co-operative Congress Report* for 1885, p. 147.

House of Commons, the latter said :—"I allude to the evidence afforded by the marvellous success of the Co-operative system. For my own part I am not ashamed to say, that if ten years ago anybody had prophesied to me the success of that system as illustrated in Rochdale and other towns in the north,—if I had been told that labouring men would so associate together for their mutual advantage, to the exclusion of the retail dealer, I should have regarded the prediction as absurd. There is, in my opinion, no greater social marvel than the manner in which these Societies flourish in Lancashire, combined with a consideration of the soundness of the basis on which they are built."* John Stuart Mill, in 1865, devoted considerable space in his work on Political Economy to an examination of Co-operation. This portion of his great work has become the best known and the most celebrated. His conclusion may well be taken as the beacon light for the guidance of Co-operators :—"Eventually, and in perhaps a less remote future than may be supposed, we may, through the Co-operative principle, see our way to a change in society which would combine the freedom and independence of the individual with the moral, intellectual, and economical advantages of aggregate production ; and which, without violence or spoliation, or even any sudden disturbance of existing habits and expectations, would realise, at least in the industrial department, the best aspirations of the democratic spirit, by putting an end to the division of society into the industrious and the idle, and effacing

* On Mr Baines's motion for an Extension of the Borough Franchise.

all social distinctions but those fairly earned by personal services and exertions."*

The present position of the movement will be seen from the following figures. They are for the year 1884, and refer to Distributive Societies only :†—1284 Societies, 764,028 members, £10,020,240 capital, £363,089 reserve funds, £31,053,628 annual sales, £2,735,170 annual profit, £19,637 granted for educational purposes, £6331 granted to charities, £3109 granted to the Co-operative Union. Since limited liability was secured, the number of members has been multiplied sixteen times, the annual trade has been multiplied twenty times, and the amount of capital thirty times. This shows not only a wonderful increase in numerical strength, but a more than proportionate increase in spending power and in saving capacity. The following analysis will give a fair idea of the length and breadth of the retail portion of the movement. It is to some extent an estimate, but it is based upon actual figures ascertained by me a couple of years ago :—1281 retail Societies work 2500 grocery and provision, 850 drapery, 760 boot and shoe, 370 coal, 230 butchers', 210 bakers', 205 furnishing, 150 hardware, and 85 tailors' departments.

In addition to the distributive statistics we now have to add a list of forty productive establishments. Their figures for the year 1884 are as follows :‡—Capital, £772,244 ; reserve funds, £19,669 ; land, buildings, and fixtures, £389,381 ; annual sales,

Principles of Political Economy, People's Edition, p. 147.

† *Co-operative Congress Report*, 1885, p. 147.

‡ *Ibid.*, p. 148.

£1,764,560; annual net profit, £74,192. The production of eight Societies specially established for working corn mills are included in the above figures, but there are also about twenty Societies that work corn mills in connection with their retail departments whose annual produce is about £1,000,000. There is still to be reckoned what is now termed domestic production, such as baking, tailoring, and dressmaking. These trades are carried on by retail Societies to the amount of about £1,200,000 per annum; and this brings the total annual production by Co-operators to the amount of four millions sterling.

In 1863 a number of the then existing Societies determined to form a society which should supply their wants, instead of the wholesale merchants, in a similar manner to which their members were supplied by them instead of by shopkeepers. In 1864 this Wholesale was started at Manchester. Its success has been great and continuous. In 1869 a second Wholesale was started in Glasgow, and has met with similar great and continuous success. These two Wholesale Societies are so harmonious in their action, and are so closely linked together, that for present purposes they may be taken as one society. Their statistics for the year 1885 are as follows:—Number of Societies who are members, 954; capital, £1,016,533; sales, £6,231,397; banking department turnover, £7,791,684. Besides their headquarters at Manchester and Glasgow respectively, these Societies have eleven centres in England and Scotland for selling purposes, and five other centres for buying purposes. They have also three boot and shoe works,

a soap work, a biscuit and sweet factory, and two clothing and shirt factories. They possess five steamers running to and from the Continent, with their own depôts in Calais and Rouen. For buying produce, they have eight branches in different parts of Ireland, one in Hamburg, one in Copenhagen, and one in New York; while in London they have a joint tea and coffee department with a turnover of £500,000 per annum.

There are two Societies still to be specially, but briefly, noticed. One is the Co-operative Fire and Life Insurance Company, established in 1867. It insures against fire the property of either Societies or individuals, and has just begun industrial life assurance, with the hope of doing something to remedy the evils exposed by the recent inquiry at Liverpool into the operations of a Friendly Society. The company is very successful. It transacts business all over the United Kingdom, and is growing rapidly. The other is the *Co-operative News* Society. While private newspaper proprietors seek their own immediate profit, this Society occupies a unique position in limiting the interest on capital to five per cent. per annum, and the remaining profits are devoted to the improvement of the paper. It only admits Societies as shareholders. It was started in 1871. Its reserve fund exceeds its capital. The paper is published weekly at one penny. Its circulation is now over 30,000; and some Co-operators look forward to its being turned into a daily paper, belonging to the people, and faithfully reflecting their opinions and aspirations.

Other work carried on by the Distributive Societies

must be mentioned. Great importance has been attributed by leading statesmen to the cultivation of habits of thrift and providence; and the public has been highly pleased at the success of the late Professor Fawcett's postage stamp bank card. Co-operators have always recognised the importance of providence, and in 1884 they had in connection with their stores, in good working order, 154 penny banks, with 88,626 depositors, £60,794 of annual deposits, £45,631 of annual withdrawals, and £108,288 of total deposits.*

The provision of cottages for members has also been attended to About half a million sterling has been advanced by Societies to their members for purchasing or building their own dwellings. This sum does not represent the total work done in this direction, for Co-operators have fully recognised the equitable character of most Building Societies, and have largely used the profits from the stores to avail themselves of their benefits.

The last item, and by far the most important, for it is the apparatus for improving the Co-operative machine, is the educational work. Up to 1862 it was illegal to use profits for educational purposes. Notwithstanding this a number of Societies, headed by the famous Pioneers, made grants of 2½ per cent. of their profits to their educational department. The existence of this law, however, stunted the growth of the higher qualities among the members of our body; and even yet they have not come up to the standard that they otherwise might reasonably have been

* *Wholesale Annual*, 1885, pp. 144, 145.

expected to attain. During the last four years progress has been much stimulated. In 1880 the amount granted for educational purposes was £13,900. It was expended on 120 newsrooms, 100 libraries, 34 courses of lectures, 10 endowed scholarships, 9 science classes, and 10 discussion rooms.* The Co-operative Wholesale Society has also, during the last four years, published an Annual, of a statistical and economic character, with a view to the extension of this class of knowledge among Co-operators. The cost is about £1000 a year. The general body, too, has within the same period endowed a scholarship of £70 a year at the Oxford University as a memento of the services rendered to them by Mr Thomas Hughes. The amount devoted to educational purposes in 1884 was 43 per cent. more than in 1880, without reckoning the Oxford Scholarship or the Wholesale Annual. For the same periods the profits only increased by 29 per cent., which at once shows the additional practical interest taken in education. Gradually Co-operators have become convinced that their principal educational efforts must necessarily be directed to special work. Children are educated, instructed, and trained in our national schools up to a certain point, and there they are left. They know nothing, or next to nothing, of the organisation of society, and of those natural or human laws which encompass them and regulate their actions. They see their relatives, friends, and neighbours doing certain work and obtaining certain results, and they know that they have to fall into a similar groove and go and do likewise. Of the reasons for any

* *Co-operative Congress Report*, 1882, p. 61.

of these arrangements they are almost totally ignorant. Co-operators look upon it as part of their mission to unravel the tangled skein, to put our social thread into good order, to make the crooked places straight, and to illume the dark corners with the light of truth. This is to be done by systematically instructing our young people in the principles and practices of Co-operation, and the Co-operative body is now perseveringly devoting a large part of its attention to discovering the best methods of doing it. Prizes have been offered for the best papers on the subject, and the writers of the successful papers will read them to the delegates at the National Congress in Whit-week. Without egotism, we may fairly compare this zeal for education with the pitiful conduct of the greatest objectors to Co-operation—the London shopkeepers—who steadily and successfully oppose all attempts to apply the Free Libraries Act to the metropolis.

Having, as briefly as possible, sketched out the present extent of Co-operation, it is now necessary to see how the various organisations are worked. Beginning with the retail Societies, the following is a summary of the leading features in their rules:—

Anybody may become members.

An entrance fee of 1s. constitutes membership.

Members may pay up their shares at the rate of threepence per week; and they can invariably do this easily with a portion of their profits.

Every member has one vote, regardless of the amount of his investment.

The share list is always open, so that shares are always at par, and never at a premium.

Most of the share capital is withdrawable; one or

two shares of £1 each being the utmost transferable capital a member is required to hold.

Capital is paid interest at not more than 5 per cent. per annum.

Every member is eligible for office.

The members hold quarterly, and in many instances monthly, meetings.

The committees control the employés.

Goods are sold at the same prices as by neighbouring respectable shopkeepers.

After providing for the wear and tear of fixed stock, making educational grants, &c., and paying interest on capital, the net profits are divided among the members in proportion to their purchases.

The employés in many instances share in the profits in proportion to their wages.

Employés generally get better pay and better treatment than in private employ. The weekly half-holiday has always been very general.

Coming to the Wholesale Societies, the organisation is as follows:—

The shares are all transferable, and bear interest at 5 per cent. per annum.

Only Co-operative Societies are admitted as members, or are allowed to make purchases.

Every shareholding Society has to take up shares in proportion to its size.

A very small initial payment constitutes membership; and this is credited to the member's share account.

When a Society wishes to cease its membership, the shares are transferred at par, through the agency of the Wholesale, without trouble or expense.

Societies have a share in the management in proportion to their size, whether in voting for officers or in sending delegates to the business meetings.

Societies have equal privileges in all matters.

Goods are sold at prices that compete successfully with private wholesale firms.

After providing for interest on capital, wear and tear of fixed stock, and reserve funds, the net profits are divided among the Societies in proportion to the amount of their purchases. When their shares are not fully paid, this dividend is credited to their share account. In all other cases it can be withdrawn.

Quarterly meetings are held, to which the Societies send delegates.

The committees control all the employés.

It is unnecessary here to enter into details of all the interior organisation. It will be sufficient for me to assert, on actual knowledge, that the greatest liberty is allowed to buyers and managers to exercise their best endeavours for the benefit of their department, notwithstanding the opinion of some economists to the contrary, and that every effort is made to keep abreast, or ahead, of the times in commercial experience and knowledge.

The profitableness of the Co-operative system can be demonstrated by a couple of illustrations. Boots are made at the Glasgow or Leicester works. They are distributed by the Wholesale to the retail stores, who in turn distribute them to their members. Experience proves that neither retail firms, wholesale firms, nor boot manufacturers will, on an average of years, work for so low a profit as 4 or 5 per cent. per annum on their capital. They make very much more than

this, and what they do receive in excess has to be extracted from the pockets of those who purchase the boots. The Co-operators only pay 4 and 5 per cent. per annum on their capital; so they thus save the excess profits of the manufacturer, the merchant, and the retailer; and the purchasers of the boots receive these savings in the form of dividend. By-and-by the trades of currying and tanning will be added, and the profits of these businesses will go to swell the ever-increasing stream. Again, the New York branch of the Wholesales buys flour and ships it to Glasgow. The Scottish Wholesale forwards it to the Co-operative bakery, and the bakery distributes it to the consumers. In this process are saved the profits of the New York shipper, the Glasgow importer, and the private baker; and once more the consumer receives these benefits in the form of a dividend on his purchases. To multiply these instances would be wearisome.

Those corn mills that are owned by more than one Society are constituted on similar equitable lines to the Wholesale Societies; and it is unnecessary to enter minutely into what differences do exist. They arise simply through adapting the Societies to special requirements.

The other Productive Societies are mostly composed partly of individual shareholders and partly of Society shareholders. Some have only individual shareholders. All shares are transferable.

Capital receives a given percentage; in some cases 5 per cent. per annum, in others 6 per cent. per annum, and in others $7\frac{1}{2}$ per annum.

After providing for wear and tear of fixed stock,

and sundry matters such as reserve funds, the remaining profits are divided as follows :—In some Societies, between capitalists, customers, and workers ; in some, between capitalists and workers ; in others, between customers and workers ; and in others, among the workers. The proportions given to each class of recipient vary in almost every case.

In all the Societies the committees are elected by the shareholders. In some the workers are eligible for election ; in others they are not eligible.

Even where they have surplus capital, Societies usually allow the workers to invest their profits in shares ; and, where the trade of retail Societies is desired, these latter are also encouraged to become shareholders.

Although the practice of the Societies is divergent, there is in all of them a strong desire to deal equitably with every interest ; and the causes of divergency are, either the necessity of adapting the Society to local circumstances, or the fact that the best method of applying Co-operative principles to production has not yet been discovered.

It will have been noticed that in the retail Societies, the Wholesale Societies, and the corn mills, the organisations are based on the principle of the consumer being the person to be benefited. The theory is, that all persons are consumers, and that all have to work for one another. Therefore, if all profits are divided among the consumers, everybody will benefit equally from the results of their Co-operation. Under certain conditions this theory is right ; but under other conditions it may be altogether wrong. It is, however conscientiously held as a complete Co-operative faith

by a large portion of the Co-operative body ; and for years there has been earnest contention on the subject. But there are signs that the mist is clearing away. Where there is such a strong and universal desire to arrive at the truth, the truth is sure to be found. It is gradually beginning to be apprehended that, while there is a very wide and extensive field for the application of Co-operation from the consumers' standpoint, there is also a very wide and extensive field for its application from the standpoint of the producers. It would take an evening to examine this question, and it is impossible to go further into it now. Co-operators are determined to solve the problem. To help the solution they have offered prizes for the best papers on the subjects ; and the prize papers will be read at the Whit-week Congress. For myself, while I care little for differences in methods of application, so long as the principle is admitted, and so long as there is a desire to do right, I think that it is possible to reconcile all interests, when the subject gets clearly understood ; and I share the faith of John Stuart Mill, in thinking that the time for this clear understanding is very closely upon us.

I am among those who think that if we are to secure equity in the sharing of the profits, the capitalist, the worker, and the consumer must all be considered. All three are indispensable if a business is to succeed. The law of supply and demand equally regulates the price to be paid by the consumer, the interest to be given to capital, and the wages to be given to the worker. What is termed profit is the fractional margin left after roughly reckoning the payments to each.

Supposing each to have equal power to enforce his demands, and equal ability in enforcing them, the division of the profit among the three classes would follow as a matter of course; and there would then only remain for consideration the best method of dividing it. The following division seems to me, after long and careful study, to be a near approach to a perfect standard for productive associations. The purchases of a consumer release the capital locked up in the stock-in-trade. It is therefore equivalent to so much capital, and the annual amount of purchases should share the profits in the same proportion as would the like amount of capital. A working-man is like a horse in being live capital. In the case of slaves, the master owns both the man and the horse, and the market settles the capital value of each. In the case of the British working-man, the fact that he owns himself makes him none the less equivalent to a given amount of capital. This amount may be arrived at by considering his yearly wages as the interest on his capital value. Dividing the wages by the rate per cent. of interest allowed on capital, the result, or quotient, is the number of hundreds of pounds that the working-man may be said to be worth. For instance, with interest at 5 per cent., a man with £50 a year would be equal to £1000 of capital; and with interest at 6 per cent. a man at £78 a year would be equal to £1300 of capital. Having thus ascertained the value of the worker, the customer, and the capitalist, in one common denominator,—capital,—the profit could be divided among them in proportion to the amount of capital each individual represented.

When it is clearly seen that labour represents so much capital, the stock objection that the capitalist should take the profits because he takes the risks will disappear; for with short time, illness, liability to accident, and ultimate extinction by death, the living capital of the working-man takes far more risk than the dead capital of the capitalists; while it may as well be pointed out that in all cases there is a special provision for replacing the wear and tear of the capitalist's capital by means of a charge on profits for depreciation, but there is no such provision for the wear and tear of the workman.

Having tried to inform you how far Co-operation has extended, and by what methods it has succeeded I come now to answer the question, "What is meant by it?" Some short time ago there was held in a provincial city a conference of men of all classes on the labour question. Several working-men spoke very eloquently on the insufficient remuneration accorded to the ordinary labourer. The chairman stopped further speeches in this direction by saying that the point was unanimously admitted by the meeting. Another speaker then put this proposition—"If some receive too little of the joint produce of the nation, then others must receive too much." This proposition is one of the corner-stones of the Co-operative faith. In elucidating the subject I like to keep clear of all denunciation of men or classes. Human nature is pretty much the same everywhere. A working-man's son, if made a capitalist, will act very much like any other capitalist; and a capitalist's son, if made a working-man, will act very much like other working-men. So long as no unfair means are resorted to, to bolster up a decaying and inferior organisation, fault must be found with the

system and not with the men who, from their positions, are almost compelled to uphold it.

A very celebrated, eminent, and able man has given a vivid description of the present organisation of society, and the injustice thereby inflicted upon the great masses of the people. It is sometimes a comfort to be able to shelter oneself behind a great name; for statements, which, if made by men like me, would be treated almost as blasphemy, when made by men of mark and sanctity, are treated—as they ought to be treated when it is deserved—as gospel. This eminent man is the late Archdeacon Paley, one of the most brilliant lights of the English Church, and who, besides his theological works, is famous as the author of "Moral Philosophy." The reverend Doctor begins his chapter on property as follows:*—"If you should see a flock of pigeons in a field of corn; and if (instead of each picking where and what it liked, taking just as much as it wanted, and no more) you should see ninety-nine of them gathering all they got into a heap, reserving nothing for themselves but the chaff and the refuse, keeping this heap for one, and that the weakest, perhaps worst, pigeon of the flock, sitting round, and looking on, all the winter, whilst this one was devouring, throwing about, and wasting it; and if a pigeon more hardy or hungry than the rest, touched a grain of the hoard, all the others instantly flying upon it, and tearing it to pieces; if you should see this, you would see nothing more than what is every day practised and established among

* Paley's *Moral Philosophy*, book iii., chap. i., p. 119, vol. i., 16th edition, 1806.

men. Among men, you see the ninety-and-nine toiling and scraping together a heap of superfluities for one (and this one, too, oftentimes the feeblest and worst of the whole set, a child, a woman, a madman, or a fool), getting nothing for themselves all the while but a little of the coarsest of the provision which their own industry produces; looking quietly on, while they see the fruits of all their labour spent or spoiled; and if one of the number take or touch a particle of the hoard, the others joining against him, and hanging him for the theft."

This quotation amply proves the soundness of the proposition, that some men receive too much, while many men receive too little, of the joint produce of the country.

Paley goes on to say:—"There must be some very important advantages to account for an institution, which in the view of it above given, is so paradoxical and unnatural. The principal of these advantages are the following:—1. It increases the produce of the earth. 2. It preserves the produce of the earth to maturity. 3. It prevents contests. 4. It improves the conveniency of living." He concludes thus:—"Inequality of property, in the degree in which it exists in most countries of Europe, abstractedly considered, is an evil, but it is an evil which flows from those rules concerning the acquisition and disposal of property, by which men are incited to industry, and by which the object of their industry is rendered secure and valuable. *If there be any greater inequality unconnected with this origin it ought to be corrected.*"*

* The italics are mine, not Paley's.

Co-operators assert that Co-operation secures all the advantages enumerated by Paley, and that it eliminates the "unnatural institution" of the ninety-nine looking on, while the worst of the flock, "a madman, or a fool," is "devouring, throwing about, and wasting" the country's produce. They therefore claim that this evil "ought to be corrected."

We must now consider the causes for this state of things. From the time when Adam Smith so picturesquely expounded the wonderful advantages resulting from division of labour, nobody has questioned but everybody has admitted its value. Since his day the process of division has marvellously developed, especially in Britain, where labour is more subdivided than in any other portion of the globe. This division of labour is one of the great distinctions between barbarism and civilisation. The other great distinction between the two social states is the accumulation of capital. These truths are so obvious that they may be considered as axioms, which with intelligent men need no proof. Without division of labour every man, woman, and child would have to provide its own food, its own clothing, its own fuel, its own shelter, and its own amusements. To secure a piece of bread and butter, a person would first have to find material to make tools, use these tools to cultivate the corn, to grind the flour, to bake the bread, and to obtain the fire. A similar process would have to be gone through to obtain the butter. Everything that the individual required would have to be likewise laboriously worked out separately and in detail. To attempt this would leave every individual with very little produce, on account of the physical impossibility

of finding time to grow or manufacture a variety of articles on the small scale required by one person; and, if it were attempted, it would not only carry people behind the most primitive race of men in existence, but would place them in a lower intellectual condition than is maintained by many other species of animals. Just the same if we were deprived of all our accumulated capital, and were prevented from renewing it; if we were deprived of our railways, our ships, our cities, our tools and machines, our libraries, our homes, and our household goods, our country would once more be the abode of barbarians. To those, then, who share in the aspirations for a higher and nobler humanity than is afforded by a bare, brutish existence, to those who believe that joy and happiness are the ultimate aims of our lives, these twin elements of civilisation are recognised and welcomed as two of the greatest blessings conferred upon man.

These blessings have been wrested from their noblest purpose for the benefit of the few at the expense of the many. The necessary division of labour has placed a number of men in positions of trust and responsibility. They have obtained in various departments of life the leadership of men. This leadership is a divine deposit; it ought to be in the hands of the most capable, and ought to be used for the well-being of the whole of the human race. But those who have obtained these positions have used them to gratify their own aspirations and desires, almost entirely regardless of the necessities or claims of the multitudes through whose efforts they have obtained the means of indulgence and gratification.

Political economists have endeavoured to defend this state of things, by contending that the law of supply and demand regulates the remuneration of the capitalists and employers just as it does the remuneration of the lowest classes of labour, and that the high remuneration received by employers is caused by the great scarcity of superior organising power and administrative ability, while the wages of the working classes is regulated by the cost of maintenance in the manner they are accustomed to live. They likewise contend that the best men get the best positions. There is no denying the abstract truth of the former of these contentions; but the latter contention, that the best men get the best positions, is, with a few grains of truth, almost wholly false. It ought to be true, and Co-operation tends to make it so. Shortly before John Stuart Mill died, he commenced a work on Socialism. He never got further than the first chapter. It is a great loss to the world that the work was never finished. It would have poured a flood of light on a most difficult subject. The fragment was published after his death by Miss Helen Taylor. In it he sets forth the present condition of the working classes as follows:*—"The very idea of distributive justice, or of any proportionality between success and merit, or between success and exertion, is in the present state of society so manifestly chimerical as to be relegated to the regions of romance. . . . The most powerful of all the determining circumstances is birth. The great majority are what they were born to be. Some are born rich without work; others are

* *Fortnightly Review*, 1879, p. 226.

born to a position in which they can become rich by work; the great majority are born to hard work and poverty throughout life; numbers to indigence. Next to birth, the chief cause of success in life is accident and opportunity." Most men, from their own experience, know of establishments where, regardless of capacity, the son has succeeded to the father; and of other establishments that were sold to men who knew nothing about the trade, their qualification for the headship being solely the contents of their purses. The success of these concerns has had to depend on the honesty, energy, and brains of hired servants, while the bulk of the profits has gone to the proprietor. Again, almost everybody knows establishments where all the best positions are filled by relatives, irrespective of their capacity, and their shortcomings are made good by men in humbler positions with inferior remuneration. This condition of things is not only morally wrong, but is economically unsound. A business cannot succeed so well with inferior men at the head as it can when superior men take the lead. Failure brings misfortune to the humblest individuals in the firm's employ—however well they may have done their duty—as much as it does to the master whose incapacity has caused the disaster. Co-operators see this clearly, and they believe that Co-operation will remove the unsoundness, and bring into perfect action the principle of the best men being put into the best positions. They know that there is no scarcity of organising power, nor of administrative ability. Their experience satisfies them that there is an abundance of it, and that the apparent scarcity has been caused by a real monopoly

of superior positions by a limited class of the community, which is incompetent to supply the demands made upon it. From this they deduce the very logical inference, that the remuneration of these people has been too high in proportion to the services rendered. By putting on the market a larger supply of better quality, and by electing the best men, regardless of personal claims, they seek in a legitimate manner to lower the price for superior people, while the same process tends to increase the chances of success. No one can reasonably object to this application of the law of supply and demand. It is easy and natural in its operation ; and those who think that the remuneration offered to them for their services as a leader is not sufficient can help to raise the price by refusing to follow so badly paid an occupation.

Knowing that ordinary working-men do not receive the full intrinsic value for their labour, Co-operators seek to raise them to their proper standard. This, as well as providing the larger supply of superior men, can only be done by increasing their knowledge and developing their intellectual powers. The principal points to be taught are,—that they should aim at a higher standard of living ; and that, as accumulated capital is necessary for a civilised life, every man ought to strive to become the possessor of as much of it as will relieve him from dependence on the capital of others, so that no man shall be under the necessity of paying out of his weekly earnings for the hire of capital to enable him to earn a livelihood, to obtain other goods in exchange for his produce, or to obtain a home to shelter himself and family. So far as the action of the law of supply and demand is concerned,

he is thus put on a level with others in making his bargains ; and the heavy make-weight of famine cannot then be thrown into the demand side of the scale, to compel him to give his supply of labour for the irreducible minimum known as the lowest cost of subsistence. When he is a married man, the worker is very often unable to save capital out of his small earnings. His dividends from the store can, however, be saved. When thus saved, he loses no comfort that he possessed before he became a Co-operator. He becomes a capitalist by accumulating money that had previously leaked away without his knowledge, and without his receiving any value in return. From the second generation—from those who have been born into our movement — greater things are expected. We expect them to begin life with more caution, with more prudence, and with more intelligence.

When economic law is thus allowed free play without restraint, without either artificial propulsion or restriction, we shall find that the remuneration of all classes will depend principally on the following conditions :—

The pleasantness or unpleasantness of the occupation.

The risk to life and limb.

The intensity and duration of the labour.

The natural or acquired capacity of the individual.

To secure to the workers the full benefit of their toil, it is however necessary to have full liberty, under equitable conditions, to enter all trades, professions, and occupations, and to have democratic organisations, with a complete and intelligent submission of each to the lawful desires of others. These democratic organi-

sations are essential to obtaining full and complete liberty. It is true there are good men, like Frederick Harrison, who think that the best aspirations of the human race can be obtained by a different and opposite process. Instead of the election of the few officers by the multitude who have to be officered, they wish the different ranks of men to be selected and appointed by the rank above them, and the head of all to be selected by his predecessor. They think that the superior men know best what is required for success, and they urge the cultivation of a high morality to prevent the men who are thus entrusted with autocratic power from abusing it. Co-operators would also like to see the day when moral self-restraint shall prevent the abuse of power, authority, or influence, whether direct or indirect. They are doing their best to produce this state of things. But they have the whole of the history of man to warn them that autocratic power is never long restrained by moral considerations, and has in the long run been used to the detriment of the people. They therefore think that it is tempting Providence to place in the hands of any man, however good and however able, power over others when it is unnecessary to do so. The best way to secure the moral exercise of power of whatever kind, whether financial, social, or political, is to diffuse it. The whole body should be the depositary of all power. They should measure it out, and depute it to individuals as may be necessary for the public good, and recall it when the deputed power has fulfilled its mission. The intelligent acquiescence and the active volition of all are needed for perfect success. This can only be obtained by each individual

understanding what is required, and why it is done. Superior men, if really superior, will be able to bring this home to the multitude; they will be able to teach them what ought to be done, and will be selected to lead or officer the forces that are organised to do it. If they cannot do this, they are not fit for officers or leaders, but should be content with subordinate positions.

By having democratic organisations for all the purposes of life, from the highest to the lowest, with full liberty on equitable terms to enter each or all of them, we reach a further and higher stage in the history of Man. He has already ascended from the slave to the serf; from the serf to the wage-earner; and now we hope to see him as the intelligent, honest co-partner, where all are justly considered, and are rewarded in proportion to their merits.

We may now sum up. Co-operators believe that great blessings flow from division of labour and the accumulation of capital. But these blessings have been largely diverted from their course. Some men receive too many of them, while most men receive too few. This undesirable state of things can be remedied by the intelligent application of ordinary economic laws, by carrying out the policy of associating together, and by working under the governing principle of equity. Wherever two or more individuals may require to act in common, whether it is in domestic life, in agriculture, in manufactures, in commerce, in local government, in national affairs, or in international transactions, this principle of Equitable Association should always be adopted.

Holding this faith strongly, nearly all Co-operators

are enrolled in a Co-operative Union, for the purpose of extending their practical Christianity. It is supported by voluntary contributions from Societies, and its income is over £3500 a year. With the exception of a paid secretary and staff at Manchester, all the work is done gratuitously, and the greater portion of the money is expended in travelling, printing, and postage. The country is divided into six sections, Scotland being one. Each section is divided into districts; and each of these divisions and sub-divisions is officered by an enthusiastic staff. By means of an Annual Congress, Quarterly Sectional Conferences, District Conferences, and Society Meetings, the intercommunication of business knowledge and of Co-operative principles is kept moving in a continuous and ever-increasing stream; and this ceaseless work is yearly drawing in large numbers of adherents.

Our principles are permeating the nation, and are producing what at one time would have been thought to be startling results. A Yorkshire manufacturer has lately proposed to combine all the firms in his trade into one great Co-operative Society, limiting the interest on capital to 5 per cent. per annum, and dividing the whole of the profits among the work-people. Such a proposition shows a great moral growth. If this moral growth continues, and I believe it will, we may expect that in the future, when employers give up business, they will recognise the claims of their employés by forming them into Co-operative Associations, and then handing over to them the businesses in which they have jointly made the fortunes of these employers. This will facilitate the growth of the Co-operative ideal. There is no reason

why it should not be done. Ideas of justice, and a desire to execute them, were never so prevalent as now. Humanitarian instincts, governed by accurate knowledge, were never so strong as now; and the principle of human brotherhood has never before been so fully recognised. Only a poet can adequately express what may come to pass, and Alfred Austin has done it for us:*—

"Straight I beheld a marble city,
Built upon wayward slopes,
Along whose paths, as if in pity,
Ran tight-drawn golden ropes.

The men, all animal in vigour,
Strode stalwart, and erect;
But on their brows, in placid rigour,
Watched sovereign Intellect.

All were well clad, but none were better,
And gems beheld I none,
Save where there hung a jewelled fetter,
Symbolic in the sun.

And oft exclaimed they one to other,
As they passed or stood,
'Let us co-operate, my brother,
For God is very good.'"

* *Golden Age*, p. 109.

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TITLE